



# 2014 ADOPTED ANNUAL BUDGET REPORT

*Capital Improvement and Equipment Plan*



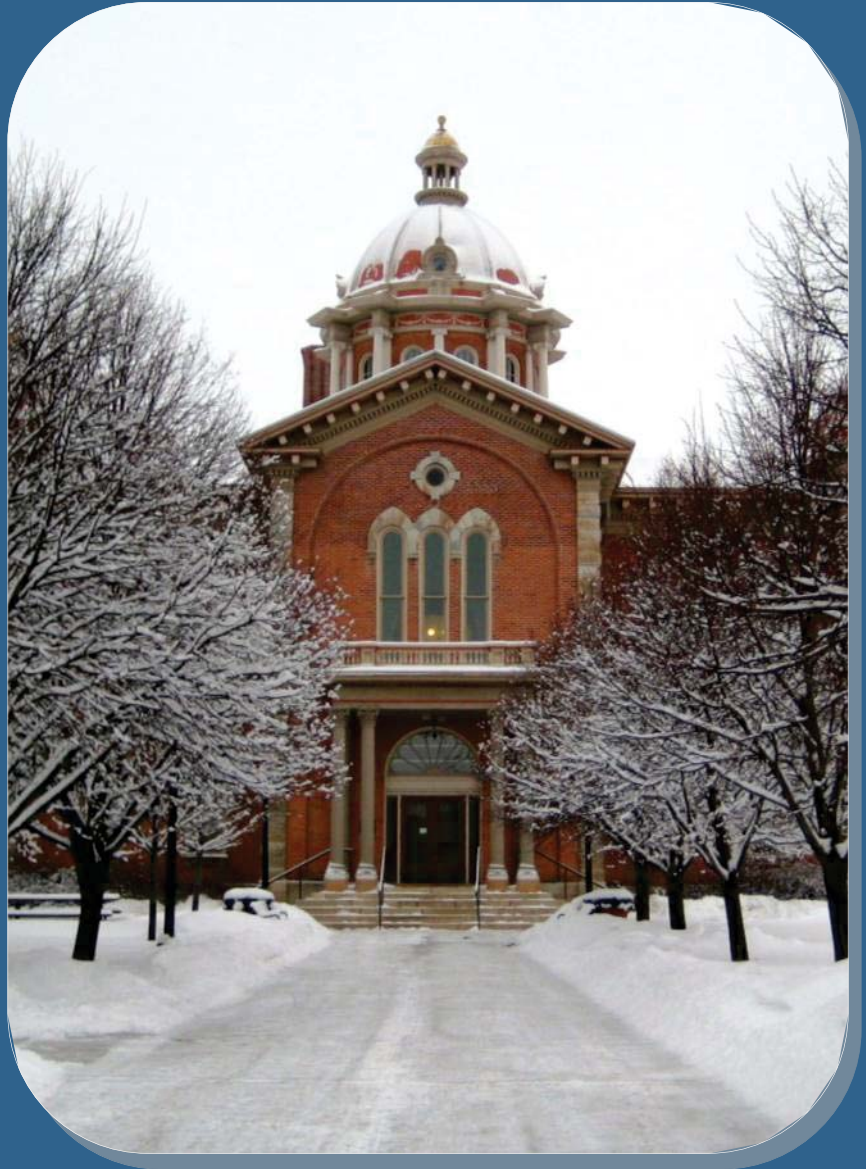
New Lift Truck: Public Works



New Dump Truck: Parks & Rec.



New Ambulance: Fire Department



Hastings City Hall

## City of Hastings

101 4th Street East, Hastings, MN 55033-1955

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## CITY OF HASTINGS, MINNESOTA

### ANNUAL BUDGET REPORT Capital Improvement and Equipment Plan

For the Fiscal Year 2014

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## Introduction

Mayor Hicks & Councilmembers:

The City's budget represents a fiscal plan that prioritizes the high quality services our constituents have come to expect. The budget preparation process spans several months and entails many meetings, discussions, and prioritization of operations and service. We work collaboratively to bring forward budget recommendations that are rooted in our CORE Values—Communication, Optimal Service, Respect for Resources, and Enthusiasm. Additionally, understanding the short and long term impacts of proposals are imperative as we continually work to position the organization and the services we provide in a fiscally responsible manner.

The City's tax capacity declined again in 2014, continuing a multi-year trend, although the overall decline was a little over 0.5%. However, the City also received \$510,000 in Local Government Aid which was allocated for one-time capital needs. More information about the investments made in 2014 are later in this document.

For 2014, the Finance Committee (Schultz\*, Alongi, Nelson) established a target to develop a budget with a tax rate equal to the 2012 tax rate—66.250%. Accordingly, a preliminary 2014 tax levy of \$11,610,920 was calculated. The final tax levy was adopted in December 2013 at that amount; the final 2014 tax levy was calculated at 65.855% and was \$370,000 less than the 2013 tax levy.

The budget document before you is the result of teamwork, communication, and respect for working together to find creative solutions to meet ongoing needs while preparing for the long term fiscal and community sustainability of Hastings.

I would like to thank the members of our organization who actively contributed to the creation of this information. I would like to specifically thank Finance Director Char Stark and Assistant City Administrator Julie Flaten for their detailed contributions to this process. They are fine stewards of our public resources and continue to work to find the best ways to serve the Hastings community.

In service,



Melanie Mesko Lee

City Administrator

## Our Organization

The City of Hastings has a Council/Administrator form of government, meaning that the Mayor and City Council are the legislative and policy making body for the City of Hastings. The City Council is responsible for directing the policies of the City of Hastings' services. The City Administrator is responsible for carrying out the directions of the Council majority. In this way, the Mayor and Council can focus on "big picture" issues while they oversee the Administrator who manages the day-to-day operations of the City.

The Mayor and six City Councilmembers are elected to alternating four year terms and the City of Hastings is divided into four wards. A Council Member is elected to represent each ward, with two At Large members and the Mayor representing the entire community.

## Hastings City Council

		<u>Current term expires</u>
Mayor	Paul Hicks	December 2014
Councilmembers		
1 <sup>st</sup> Ward	Tony Alongi	December 2016
2 <sup>nd</sup> Ward	Joe Balsanek	December 2016
3 <sup>rd</sup> Ward	Tony Nelson	December 2016
4 <sup>th</sup> Ward	Danna Elling Schultz	December 2016
At Large	Barb Hollenbeck	December 2014
	Ed Riveness	December 2014





## Management Team

City Administrator	Melanie Mesko Lee
Assistant City Administrator	Julie Flaten
City Attorney	Daniel Fluegel
Building Official	Tom Bakken
Community Development Director	John Hinzman
Finance Director	Charlene Stark
Fire & EMS Director	Michael Schutt
Parks & Recreation Director	Chris Jenkins
Police Chief	Bryan Schafer
Public Works Director	Thomas Montgomery

## Organization of Services

The City of Hastings is organized into departments by function, yet there is a lot of operational crossover to meet the overall community needs:

- Administration—general organizational administration, human resources, elections, information technology, communications, facilities, and legal
- Building Safety—building inspections and code enforcement
- Community Development—planning and economic development and redevelopment
- Finance—internal and organizational financial services
- Fire & Emergency Management—fire suppression, education, and emergency medical response
- Parks & Recreation—operations and maintenance of parks assets and recreational services
- Police—public safety enforcement and education
- Public Works—water, wastewater, hydro plant, and engineering services

## Budget Process/Timeline

- April-June—preparation of projections from current year budget into next year budget for preliminary planning purposes
- June-July—department preparation of budget information for next budget
- July-August—presentation to the Finance Committee of the Council preliminary information, establishment of next year tax levy objectives, and review of organization priorities and needs. These meetings were conducted on July 31 and August 12, 2013. A preliminary update of the budget was presented to the full Council on August 19, 2013.
- September 3, 2013—adoption of 2014 preliminary tax levy, preliminary budget and HEDRA/HRA special tax levy.
- September-November—review of department requests, available funding, outstanding needs, and establishment of a final budget for review by Finance Committee. The Finance Committee met on November 18 to provide final comment and review of 2014 proposed budget.

- December 2—Truth in Taxation hearing and budget information provided to the full City Council.
- December 16, 2013—Council review and adoption of next year levy, budget, capital planning document

### 2014 Budget at a Glance

	tax levy (\$)	tax rate (%)	total budget (\$)	Local Government Aid (LGA)
2013	\$11,980,920	68.919%	\$26,333,433	\$0
2014	\$11,610,920	65.855%	\$28,144,674	\$510,000
Difference	(\$370,000)	(3.1%)	\$1,809,241	\$510,000

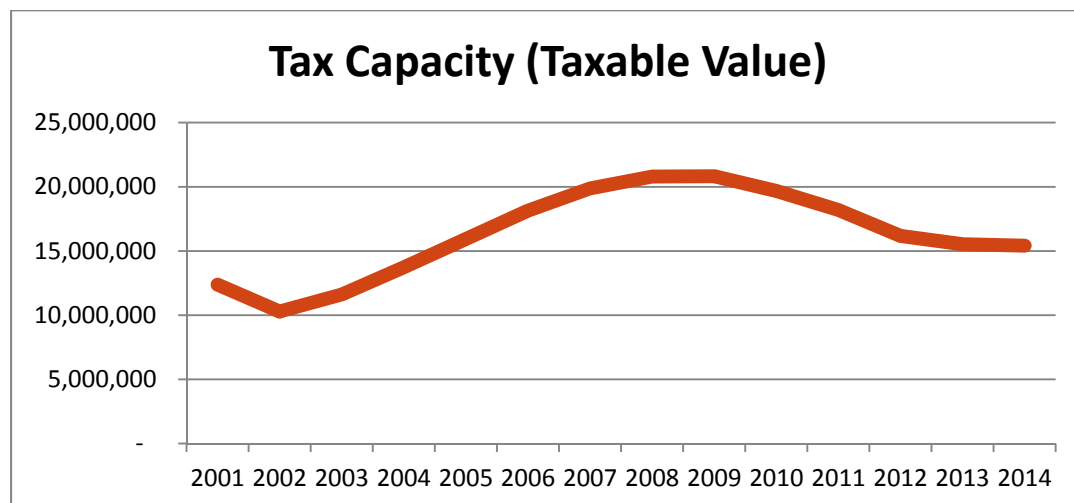
### Financial Stability

#### Bond Rating

Standard & Poor's Rating Services has conferred a AA bond rating for the City of Hastings. This rating indicates the strong financial position for the City.

#### Tax Base

Hastings' tax base is primarily residential, with 66% of properties defined as such. The total market value has declined significantly since 2008 from a high of \$15,529,093 to \$10,230,724 in 2014. This decline was symbolic of the state and national trend over the last several years as property values have decreased and foreclosures increased. As a result, Hastings has enhanced its property maintenance efforts especially related to vacant properties. That focus will continue in 2014 with additional resources allocated to this priority.



### Growth & Redevelopment

Following significant growth throughout the 1990's - 2000's, Hastings' growth has slowed the last several years. Building permits issued hit a high of 4,776 in 2007 and have consistently dropped off; by the end of December 2013, there were 1630 permit issued.

Redevelopment of both the Hudson Sprayer building on the riverfront, as well as infrastructure improvements in the downtown/Levee Park indicate the City's investment in the historic downtown and Mississippi River as a community asset and destination.

HEDRA, the City's economic development and redevelopment authority, is also reviewing its redevelopment tools to competitively position the City.

### **Financial Management**

The City's Charter requires that the City Administrator shall prepare and submit to the Council an annual budget and capital program. The City's Finance Department is vital to ensuring the accounting system and budgetary controls are maintained as established by the City Administrator and City Council.

### **Comprehensive Annual Financial Report (CAFR)**

The City operates on a calendar fiscal year and reports its year-end financial position in a Comprehensive Annual Financial Report (CAFR) which is prepared by the City's Finance Department staff. This report is completed by June 30th and a report provided to the City Council. The report is available on the City's website.

The City uses an independent auditing firm, CliftonLarsonAllen, to ensure accuracy and compliance with federal and state laws and regulations. The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to Hastings since 1996. This is a significant award recognizing transparency and full disclosure with respect to the City's financial position.

### **Budgetary Controls**

The City of Hastings maintains a system to protect the financial assets and safeguard against fraud. These safeguards not only reduce the misuse of assets, but help to provide effective and efficient operations and help the City maintain a good financial reputation. Internal controls are in place to provide reasonable protections for accurate and lawful financial transactions.

### **Investments and Debt Management**

The City judiciously invests to ensure that capital losses are avoided and sufficient liquidity is maintained for operational requirements. When considering whether to issue debt, the City has established policies relating to key financial, economic, and debt ratios.

### **Budget Structure**

The City records financial transactions in individual funds. A fund is a sum of money set aside for a specific purpose, not necessarily a separate bank account, but tracked on paper separately. There are three basic City fund types:

- **Governmental funds**—used to finance most governmental services and based on tax revenues, special assessments, or issuing debt. The city’s general fund, debt service funds (to pay off bonds), and capital project funds are examples of governmental funds.
- **Proprietary (special revenue) funds**—financing for governmental activities operating like a private business, for example, water and sewer utilities, electrical utilities, or municipal liquor stores. Service charges usually provide most of these funds.
- **Fiduciary funds**—trust and agency funds used to account for assets a city holds in a trustee capacity or as an agent, for example, pension funds. Fiduciary funds cannot be used to support the city’s own programs.
- **Internal Service funds**—used to account for compensated absences and pre 1993 employees retired health insurance benefits.

In addition, there are different funds within the above categories:

- **General Fund**—the General Fund accounts for all financial transactions not property accounted for in any other fund. The expenditures from the General Fund account for a wide range of services including public safety, public works, and general government.
- **Debt Service Funds**—account for the accumulation of resources for the payment of general long-term debt principal and interest for the City’s general obligation and debt and special assessment revenue-supported debt.
- **Special Revenue Funds**—governmental funds to account for services and expenditures for which revenue is restricted for a designated purpose. General tax levy dollars may also support the operations within special revenue funds. The City has ten special revenue funds:
  - Parks & Recreation—used for parks operations. Most revenue is property tax based, but some user fees are generated
  - Hastings Family Aquatic Center
  - Cable—operating grant revenues, franchise fees, and assess charges for the City’s
  - Heritage Preservation
  - Fire & Ambulance—the City’s Fire and EMS Department serves a geography broader than the Hastings City limits through our Rural Fire Association agreement. Additionally, revenues are generated through ambulance billing and other fees charged.
  - Civic Arena
  - LeDuc Mansion—maintenance and repair of the historic estate which is owned by the City of Hastings and programmed by Dakota County Historical Society
  - Police Reserves
  - DUI Enforcement/Equipment
  - Drug Awareness/Forfeiture—revenue received from court fines and is legally restricted for the purchase of otherwise unbudgeted police equipment and/or related program expenses.
- **Enterprise Funds**—“business type” funds established to account for services where most of the costs are recovered through user fees and charges. The City has four enterprise funds:
  - **Water**—revenue is generated through water usage and service charges, which are used to finance the water system operating expenses
  - **Wastewater**—revenue from sewer usage and service charges, which are used to finance sanitary sewer system operating expenses
  - **Stormwater**—revenue from storm water fee to support the capital and operational needs of the storm water system
  - **Hydroelectric Plant**—revenues from this account are used to finance ongoing and future capital needs as well as offset related debt service payments.

- **Component Funds**—this is the Hastings Economic Development and Redevelopment Authority (HEDRA), which has authority to support rehabilitation and neighborhood stabilization projects as well as economic development initiatives throughout Hastings.
- **Capital Projects Funds**—used for the acquisition or construction of major capital facilities and equipment (except those financed by proprietary funds). The City has two Capital Projects Funds:
  - **Parks**—created for construction of and capital improvements of City parks. All park dedication and Parks & Recreation Commission activities are included within this fund. Revenue is primarily from park dedication fees and other?
  - **Equipment Revolving Fund**—records capital purchases of equipment, vehicles and facilities replacements and improvements.

### Fund Balance Policy/Goals

The City of Hastings has established policies to articulate the goals for appropriate fund balance levels for each of the governmental funds as well as the enterprise funds. These policies are periodically reviewed by the City Council and amended as determined necessary. At 38% as of December 31, 2013, the anticipated general fund balance is well within the 30-40% range established by the Council.

### Our Community

The City of Hastings is a dynamic, historic community located on the Mississippi River 22 miles south east of St. Paul, adjacent to Wisconsin and the confluence with the St. Croix River, a nationally designated wild and scenic river. With a population of 22,335, Hastings has grown into a mid-sized community while retaining its small town feel. As part of the Twin Cities Metropolitan area, Hastings also has its own unique identity with an historic downtown, miles of trails, and historically preserved neighborhoods. Hastings keeps a piece of its history while accommodating development and evolving community needs.

As the county seat of Dakota County, which has an estimated population of 388,000, Hastings is home to the main county government center. Other large employers include Regina Medical Center, which has a hospital and medical clinic, Smead Manufacturing, producers of stationery supplies; and ISD #200, the Hastings School District.

Recreational opportunities abound in Hastings, which has an excellent trail system and many natural amenities including the breathtaking Vermillion Falls. There are 33 parks dotted across the community, with myriad options for tennis, baseball, soccer, skating, and playgrounds.

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## **2014 in Summary**

During the preparation of the 2014 budget, departments were tasked with submitting requests in alignment with our CORE values—Communication, Optimal Service, Respect for Resources, and Enthusiasm. While the taxable value of property declined in 2014, the addition of Local Government Aid and careful review of other funds resulted in increased flexibility while preparing the 2014 budget. To that end, short and long term investments were emphasized as the budget was created. Below is a highlight of many of the goals and action plans in place for 2014:

### **Invest in Improvement**

- Establishment of Enterprise Fund Balance Policy.
- Investment in new City website using new logo which will enhance the user experience, be easier to navigate, and establishment a new Economic Development website.
- Implementation of vision, goals and action plans as a result of a Fall 2013 strategic planning session with the City Council and Management Team.
- Sign Replacement Policy – The Federal Government adopted new standards for permissible age and condition of all regulatory traffic signs. In 2014, the City is required to develop a policy for replacing its regulatory traffic signs in a manner that keeps them up to date and meeting federal standards. The City maintains almost 1,500 traffic signs (not including intersection street name signs) – 103 of these are speed limit signs.
- Conduct a Community Survey as a follow up to a 2011 study.
- Conduct an operational analysis of the Fire & EMS Department as well as the City's benefit structure.

### **Invest in Community**

- Redevelopment of the former Hudson Manufacturing Building including approval of development plans, environmental cleanup, and sale of the property.
- Increase promotion of development opportunities of City owned land within the Hastings Business Park and redevelopment districts.
- Review changes to the Zoning Code including the signage and planned residential development regulations.

### **Invest in Equipment** to enhance operational efficiencies

- Snow thrower at City Hall
- Front end loader—replacement of 24 year loader
- Ambulance remount—remounting reduces the cost by \$75,000 over the purchase of a new ambulance
- Mower replacement

### **Invest in Technology** to more efficiently provide services;

- Expanded use of electronic payments to vendors. This process is more cost effective and has been implemented with internal payments.
- Introduce online permitting, payment, and inspection request and tracking.
- Implement crime mapping technology for focused crime prevention.
- Hand held ticket writer units for Police Reservists to assist with parking enforcement.

- Auto chest compression device—emerging technology that provides more consistent chest compressions and assists with patient care.
- Use software to produce annual CAFR report more efficiently.
- Expand use of bar coding for scanning documents into records retention system.

### **Invest in Infrastructure**

- Downtown Improvements – repairing the concrete pavement joints downtown, along with possible pedestrian safety, streetscape, and lighting improvements. This work will also include rebuilding the parking lot across from the Legion Club, as well as alleys on the north side of 2<sup>nd</sup> Street. Levee Park improvements are also proposed.
- 2014 Neighborhood Street Improvement Project – just under two miles of rebuilding streets, along with new concrete curb and gutter, storm sewer, and water and sewer main rehabilitation or replacement. The project area will generally include the streets bounded by Highway 61 to the east, Pine Street to the west, 12th Street to the north, and 15th Street to the south. The half block City street sections on 12th and 13th Streets that also serve as the access for the Middle School will be included in the project.
- Veterans Home Sanitary Sewer – more than 4,000 feet of sanitary sewer main running from the Veterans Home and through CP Adams Park will be lined or replaced. In addition, this project will include constructing the first phase of a trail connecting CP Adams Park to Vermillion Falls Park along the south side of the Vermillion River. The State will be funding \$720,000 of this cost.
- Water Tower Painting – the Industrial Park water tower will be repainted next fall. Look for the new City logo to be prominently featured on the tower.

### **Invest in Assets**

- Vets Park will receive a “facelift” in early 2014 with a new press box coordinated through the efforts of volunteers and baseball enthusiasts.
- Comprehensive facility strategic plan to assist with short and long term needs at City facilities, including our historic City Hall.
- Development of Parks & Trails “Maintenance Tree”-- a tool that will be used to record our current and future maintenance needs for each individual park and section of trail. This tool will aid our planning and preparations for future projects and maintenance needs.
- Replacement of dehumidification unit at Civic Arena to not only enhance the user experience but also help with building maintenance



## **CORE Values**

The City developed and adopted CORE values to articulate what our City stands for and what it means to work for our organization as it relates to providing quality services to the public. We are consistently striving to find opportunities to improve our public services and become an even better organization.

### **Communication**

- We value and promote participation and interactions with citizens and staff.
- We will seek to assure timely and open communications while providing background and context for the decisions that are made.

### **Optimal Service**

- We recognize the importance of providing timely, courteous and respectful service to the public and to one another.
- We will seek to serve the public and other employees in a constructive, creative and practical manner.

### **Respect for Resources**

- We recognize the value of using all City resources in an efficient and effective manner.
- We will seek to utilize City resources to serve the common good of all.

### **Enthusiasm**

- We are committed to protect and promote the unique characteristics of our community, including its history and scenic beauty.
- We will seek to infuse enthusiasm and enjoyment into our daily interactions with citizens, visitors and other employees.

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# City of Hastings

**To: Mayor Hicks and City Council**  
**From: Melanie Mesko Lee, City Administrator**  
**Date: November 27, 2013**  
**Item: 2014 Budget Transmittal Memorandum**

## **Council Action Requested:**

Conduct public hearing in accordance with Truth in Taxation guidelines. The information in this memo is context for the recommended 2014 budget. Formal action on the 2014 budget, levy, and HRA levy will occur at the December 16, 2013 Council meeting.

## **Background Information**

In accordance with the Hastings City Charter, I present a recommended 2014 annual budget which is the result of several months of work led by the Finance Committee of the Council (Schultz (chair), Alongi, Nelson). The 2014 budget includes the General Fund, Special Revenue Funds, Internal Service Funds, Enterprise Funds, Debt Service Funds, and Capital Improvement Projects. The 2014 recommended budget includes total appropriations of \$28,142,674. The tax levy to support the budget is \$11,610,920, which is a reduction from the 2013 tax levy by 3.1%.

The 2013 Minnesota Legislature provided for some financial resources to local government. For 2014, the City of Hastings will receive \$510,000 in Local Government Aid (LGA). Due to the volatility of this funding source, the 2014 budget uses this allocation for one-time capital investments. Additionally, a sales tax exemption for cities and counties for purchases made on or after January 1, 2014 also contributed positively to the 2014 budget.

Less positive news came in the form of a further overall reduction in the taxable market value in Hastings for 2014. The City's overall taxable market value decreased from \$15,522,582 in 2013 to an estimated \$15,417,915 in 2014, an overall decline of 1%.

## **Budget at a Glance**

	tax levy (\$)	tax rate (%)	total budget (\$)	Local Government Aid (LGA)
2013	\$11,980,920	68.919%	\$26,333,433	\$0
2014	\$11,610,920	65.855%	\$28,144,674	\$510,000
Difference	(\$370,000)	(3.1%)	\$1,809,241	\$510,000

December 2, 2013 has been advertised as the City's Truth in Taxation Hearing for the 2014 budget. During this meeting, staff will provide a recap of the 2014 budget preparation process. The information contained in this memo has been put together to provide additional background and context for the 2014 budget.

## **Purpose of the Budget**

The annual budget represents the financial plan and priorities of the City of Hastings. It is intended to clearly communicate the City's priorities and how resources are allocated in an easy to understand manner. As the City is continually evolving so is the process in which the budget is created. Priorities and goals are established and funded in alignment with Council directives and our CORE values: Communication, Respect for Resources, Service, and Enthusiasm. This budget represents a culmination of many hours of hard work by elected officials and City staff dedicated to serving the citizens in an efficient and responsive manner.

## **Budget Directives & Timeline**

- April-June—preparation of projections from current year budget into next year budget for preliminary planning purposes
- June-July—department preparation of budget information for next budget
- July-August—presentation to the Finance Committee of the Council preliminary information, establishment of next year tax levy objectives, and review of organization priorities and needs. These meetings were conducted on July 31 and August 12, 2013. A preliminary update of the budget was presented to the full Council on August 19, 2013.
- September 3, 2013—adoption of 2014 preliminary tax levy, preliminary budget and HEDRA/HRA special tax levy.
- September-November—review of department requests, available funding, outstanding needs, and establishment of a final budget for review by Finance Committee. The Finance Committee met on November 18 to provide final comment and review of 2014 proposed budget.
- **December 2**—Truth in Taxation hearing and budget information provided to the full City Council.
- **December 16, 2013**—Council review and adoption of next year levy, budget, capital planning document

## **Tax Rate Philosophy**

Over the last several months, the Finance Committee directed staff to develop a 2014 budget with a targeted tax rate of 66.250%, which was a rate equal to the 2012 tax rate. As a result of this directive, a preliminary 2014 tax levy of \$11,610,920 was calculated. Based on the preliminary levy amount set by the Council in September, the 2014 targeted tax rate was recalculated at 65.855%. For reference, the 2013 tax levy was set at \$11,980,920 with a rate of 68.402%; that amount is the 2014 maximum levy the City could have adopted.

<b>Tax Levy Rate Goal</b>	2012's rate	66.25%
<b>Currently</b>	2013 tax levy rate	68.402%
<b>Future</b>	2014 final tax rate	65.855%

At the September 3 Council meeting, the Council adopted the preliminary levy of \$11,610,920. Once the preliminary levy was set it could not go any higher.

## **Recommended Budget**

Within the recommended budget, we would like to highlight the following items:

Hastings will receive \$510,000 in **Local Government Aid (LGA)** in 2014; this is a reversal of a trend over the last several years which eliminated this funding source completely. Accordingly, we made an intentional decision to allocate these funds for one-time equipment needs:

- Front End Loader
- Hudson Clean Up
- Dog Park (partial)

### **Equipment Revolving Fund (ERF)                      \$308,000**

These funds are a way to save for planned future needs. Sometimes, those needs change and ERF dollars have been allocated for which the original purpose no longer exists. By reviewing our existing ERF balances, we were able to reallocate some of those funds to support current needs:

- Computer Replacements
- Medical Training Equipment
- HFAC equipment replacements
- Ambulance Remount
- Misc. office equipment replacement

We have also made the decision to fund and create some new ERF's to recognize ongoing and future replacement needs. That investment in 2014 is \$104,000.

- Public Safety 800 MHz Radios
- Storm siren
- Fire, pool & general facilities equipment

### **Equipment Certificates**

**\$199,550**

Historically, the City has issued equipment certificates every other year. Over the last several years, as budgets have been challenging, we have relied more on issuing debt in the form of equipment certificates to purchase equipment ranging in total from \$300,000 - \$500,000. For 2014, the following items are currently identified to be funded through equipment certificates.

- Snow Blower
- Patrol Vehicle
- Skid Loader
- Toro 5910 Mower
- HFAC Pool Heater

### **Fund Balance**

**\$1,228,825**

The City has a governmental fund balance policy that establishes a goal of maintaining 30-40% of the subsequent year's budgeted expenditures; this policy ensures that there are sufficient resources available to fund basic City functions between property tax settlements. Over the last few years, our general fund balance at times dipped below our policy guidelines. Currently, we are in compliance with our policy with a general fund balance at 39%. Other special revenue funds (i.e. P&R, HFAC, Civic Arena) are also generally within those policy guidelines.

*Other funds*—enterprise (i.e. water, wastewater) funds do not currently have a fund balance policy. We are currently developing strategies to help us guide those fund balance decisions.

The 2014 recommended budget includes use of fund balance for certain projects:

- Emergency generator at lift station
- Water tower repainting
- Rehab of Well #6
- Sandblasting of catwalk
- Lift station pumps
- Hudson clean up
- Dehumidification unit at arena
- Ice edger

## Levy

It is recommended that some capital costs and initiatives are funded through levy dollars:

- Handheld ticket writer units
- Tasers
- 800 MHz radios
- Auto Chest Compression Device
- Fence repairs
- Warming house roof repairs
- Roof replacement at HFAC
- Community Survey
- Reinstatement of Lifeworks
- Duct Cleaning at CH & PD
- Spring Clean Up Day
- Dog park (partial)

**Dedicated Funds**—Finally, there are dedicated funds for certain 2014 initiatives:

- *Ward Cash* Dog Park (partial)
- *Grants* Hudson Clean Up
- *Trust* LeDuc Kitchen

## Personnel

Employee costs are another significant part of our budget. Our staff works diligently to effectively provide responsive and creative services to the public. Over the last several years, difficult personnel decisions have been made as we have faced challenging economic realities. It is our goal to continue to create a staffing complement based on the needs of the services we provide. Additionally, investment in strategically planning for aligning our staffing with needs as well as creating an organization of choice is included for 2014. The following personnel recommendations are being made for 2014:

- Overall compensation adjustment for all regular, full and part-time staff;
- Additional hours for code enforcement, building inspections, administrative support;
- New Community Development classification for economic development needs;
- Overall compensation adjustment for seasonal staff and step changes;
- Additional seasonal staff;
- Reclassifications in Parks & Recreation Department to better align with changing needs;
- Comprehensive study for Fire Department operations;
- Consultant to assist with benefits analysis;

In 2014, the recommended budget includes personnel costs which account for 38% of the total budget. The personnel costs in adopted 2013 budget included comprised 41% of the budget.

## **Summary**

In closing, the budget process continues to be an evolution as we balance needs with resources. I wish to thank the many City staff members for preparing their portions of the budget. It is through collaboration and communication that we have been able to bring forward a balanced budget for Council consideration. I am thankful to our fine staff and their understanding as I brought forward my perspective to budget development in my first year leading this important process.

I would also like to thank the Finance Committee for their thoughtful consideration, guidance, and leadership throughout the last several months –their professionalism is symbolic of the culture of the entire City Council.

We recognize budget information can be challenging to understand. I look forward to continuing to strive to communicate information to the public in a clear, easy to understand and concise manner. We are working to improve our annual budget information to achieve that goal.

Should you have any questions, please feel free to contact me. Thank you for your time on this significant matter.



# City of Hastings

**To:** Mayor Hicks and City Council  
**From:** Melanie Mesko Lee, City Administrator  
**Date:** December 12, 2013  
**Item:** 2014 Budget Adoption Memorandum & Resolutions

## **Council Action Requested:**

Approve the resolutions

- 2014 Final Budget
- 2014 Special Levy
- 2014 Final Levy

## **Background Information**

On December 2, 2013, the City Council held a public hearing in accordance with Truth in Taxation requirements. A presentation on the 2014 budget was made, and no one from the public chose to speak at the public hearing. It is staff's recommendation that the Council approve each of the three attached resolutions relating to the 2014 budget and tax levy.

I would again like to thank the Finance Committee for their thoughtful consideration, guidance, and leadership throughout the last several months –their professionalism is symbolic of the culture of the entire City Council.

I am also thankful to our fine staff as we worked together to bring forward these documents for adoption.

Finally, we are looking forward to continuing to strive to communicate budget information to the public in a clear, easy to understand and concise manner. We will structure our annual budget document to achieve that goal.

## **Council Committee Action**

The Finance Committee (Schultz\*, Alongi, Nelson) met numerous times over the last several months in development of the 2014 budget.

## **Advisory Commission Action:**

N/A

## **Financial Impact:**

The 2014 budget has been prepared and expenditures from this budget will begin as of January 1, 2014.

## **Attachments:**

Resolutions

- 2014 Final Budget
- 2014 Special Levy
- 2014 Final Levy

**CITY OF HASTINGS  
DAKOTA COUNTY, MINNESOTA**

**RESOLUTION 12 - 13 -13**

**Resolution Adopting the 2014 City Budget**

**WHEREAS**, the Finance Committee of the Council (Schultz\*, Alongi, Nelson) met several times over the last few months on the 2014 budget preparation process. In accordance with the City Charter, a 2014 budget has been presented to the City Council for adoption; and

**WHEREAS**, a Truth in Taxation public hearing was held on December 2, 2013 where there were no comments received into the public record.

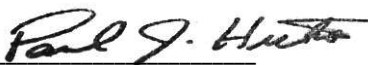
**NOW, THEREFORE BE IT RESOLVED**, by the City Council of the City of Hastings, Minnesota; that the 2014 total City budget for the City of Hastings and HRA functions of the HEDRA is hereby set at \$28,144,674.

Ayes: Riveness, Alongi, Balsanek, Nelson, Schultz, Hollenbeck, and Mayor Hicks

Nays: None

Absent: None

Adopted this 16<sup>TH</sup> day of December 2013 by the City Council of the City of Hastings

  
\_\_\_\_\_  
**Paul Hicks, Mayor**

Attest:

  
\_\_\_\_\_  
**Julie Katen, City Clerk**

**CITY OF HASTINGS  
DAKOTA COUNTY, MINNESOTA**

**RESOLUTION 12 - 12 -13**

**Resolution Approving the 2014 HEDRA/HRA Special Tax Levy**

**WHEREAS**, the Hastings Economic Development and Redevelopment Authority (the "Authority") was created by the City Council of the City of Hastings (the "City") pursuant to Minnesota Statutes, Sections 469.090 to 469.1081; and

**WHEREAS**, the Authority was granted all of the powers of a municipal housing and redevelopment authority under Minnesota Statutes, Sections 469-001 to 469-047 (the "Act");

**WHEREAS**, Section 469.033, Subdivision 6, of the Act, as amended, permits the Authority to levy and collect a special benefit tax of up to .0185 percent of taxable market value in the City upon all taxable property, real and personal, within the City; and

**WHEREAS**, the Authority desires to levy such tax based upon the limit of .0185 percent of the taxable market value in the City; and

**WHEREAS**, the levy of such a special benefit tax is subject to consent by Resolution of the City Council of the City of Hastings

**NOW, THEREFORE BE IT RESOLVED**, by the City Council of the City of Hastings, Minnesota, that the City of Hastings HEDRA/HRA Special Levy is granted, subjected to the limit of .0185 percent of taxable market value as per Minnesota Statute.

Ayes: Riveness, Alongi, Balsanek, Nelson, Schultz, Hollenbeck, and Mayor Hicks

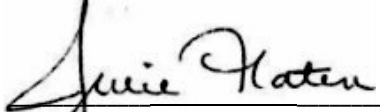
Nays: None

Absent: None

Adopted this 16<sup>TH</sup> day of December 2013 by the City Council of the City of Hastings

  
Paul Hicks, Mayor

Attest:

  
Julie Flaten, City Clerk

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